

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 7016 – HB 7022
FIRST EXTRAORDINARY SESSION
January 20, 2010

SUMMARY OF AMENDMENT (012574): Authorizes public charter schools to be participant schools in the scholarship program and authorizes public charter schools to charge fees to students who are not eligible for the free and reduced price lunch program. Creates a pilot program consisting of one high school that has failed to meet adequate yearly progress for the greatest number of years. In the event of a tie, requires the Commissioner of Education to choose pilot schools by drawing lots.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$7,500/One-Time
\$27,800/Recurring

Increase Local Expenditures – Not Significant

Other Fiscal Impact – Federal funds will not be utilized for this program. BEP funding will shift to the public or private schools where participating students transfer. This shift in funds is estimated to be approximately \$17,139,700.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Increase Local Expenditures – Not Significant

Other Fiscal Impact – Federal funds will not be utilized for this program. BEP funding will shift to the public or private schools where participating students transfer. This shift in funds is estimated to be approximately \$1,299,300.

Assumptions applied to amendment:

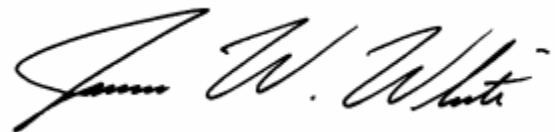
- The pilot program will take place in the Memphis City Schools
- The average daily membership (ADM) of the one high school that has been failing for the greatest number of years will be chosen. For this estimate, the one high school in with the highest ADM has been used.

SB 7016 – HB 7022
FIRST EXTRAORDINARY SESSION

- The ADM of the high school is approximately 627 students. It is estimated that approximately 20 percent of the total ADM or approximately 125 students will participate.
- The per pupil expenditure in Memphis City Schools is approximately \$10,394. BEP funding will shift to the public or private school where a participating student transfers. The total shift in funds will be approximately \$1,299,250 (125 x \$10,394).
- Participant schools participate in the program voluntarily. As such, they have knowledge of the maximum scholarship amount for which students may apply.
- Any difference in the scholarship amount and the public or private school tuition for those students qualifying for free and reduced price lunch will be waived by the school.
- Any difference in scholarship amount for students who do not qualify for free or reduced price lunch will be paid by the student. Participant schools may waive this fee.
- Based on the percentage of students on free or reduced price lunch currently attending the three participant schools, it is assumed that 100 percent of the students choosing to go to participate will be on the free or reduced price lunch program.
- Any increase in state or local expenditures to notify students of this program are estimated to be not significant.
- Memphis City Schools will not be required to provide transportation; therefore, there will not be an increase in state or local expenditures for this purpose.
- The Department of Education will not hire additional personnel to perform administration duties related to the pilot program.
- All participating children will be counted in their home district for the purpose of ADM.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/msg